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Approved For Release 2003/04/22 : CIA-RDP80R01731R000900080005-4

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5 August 1952

MEMORANDUM FOR ADMIRAL DENNISON

SUBJECT: Release of all or part of the Report of the  
Federal Trade Commission on "The International  
Petroleum Cartel"

Senator Sparkman's letter to the President, dated July 28, 1952, respecting the Report of the Federal Trade Commission on "The International Petroleum Cartel" has been reviewed and the following comments are made thereon:

Any sterilization of this Report by way of deletions would have only limited usefulness. As stated in my memorandum to the President, dated 22 May 1952, deletions "can only mitigate the adverse effect of publication of this Report, because its basic theme, and the general tenor of the entire text, will inevitably provide material for exploitation by anti-United States elements in the Middle East and elsewhere."

In Special Estimate No. 28, concurred in by all members of the Intelligence Advisory Committee, it was stated that:

"We believe that the manner of the revelation of the Report's contents, otherwise than by official publication in full in its present form, would cause the consequences to differ only in degree from the consequences of official publication estimated herein. The adverse effects herein estimated might be mitigated to some extent by withholding from general release certain paragraphs \*\*\*."

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The deletions proposed by Senator Sparkman have been reviewed and compared with those recommended in my memorandum to the President, dated 22 May 1952. It appears from this examination that Senator Sparkman has not listed a number of the deletions recommended in my earlier memorandum, each of which this Agency regards as important.

For example, in my earlier memorandum I recommended deletion of pages 144-171 from Volume I of the Report. Senator Sparkman has proposed that a part only of this chapter (pages 165-171) be deleted. Although the pages cited by the Senator cover the most serious instance of [REDACTED]

[REDACTED] the whole of the chapter deals with this general subject, and in our judgment it cannot be edited to preclude the giving of assistance to Soviet propaganda designed to discredit the US and other Western powers in the Near and Middle East.

Finally, I should like to draw your attention to the statement in Senator Sparkman's letter (page 3) that:

"Since the report is primarily concerned with agreements by and among the major oil companies themselves, it has no particular focus or bearing on our relations with any specific foreign country."

So far as the Middle East is concerned, I am afraid this statement ignores two facts: first, that many of the non-US oil companies participating in the alleged agreements were in large part government-owned and, second, that in the Middle East the alleged agreements directly affected the relations of these companies with the governments of that area. In these circumstances, statements in a report issued under the sponsorship of an arm of the US Government will, in my judgment, surely have a bearing on our relations both with the specific Middle East governments and with the governments that partially own the companies involved.

[REDACTED]  
Walter B. Smith  
Director

LEB:jd

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